

Agenda Item Form

Agenda Date: 4/27/04

Districts Affected: 6

Dept. Head/Contact Information: David G. Dobson

Type of Agenda Item:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Staffing Table Changes | <input type="checkbox"/> Board Appointments |
| <input type="checkbox"/> Tax Installment Agreements | <input type="checkbox"/> Tax Refunds | <input type="checkbox"/> Donations |
| <input type="checkbox"/> RFP/ BID/ Best Value Procurement | <input type="checkbox"/> Budget Transfer | <input type="checkbox"/> Item Placed by Citizen |
| <input type="checkbox"/> Application for Facility Use | <input type="checkbox"/> Bldg. Permits/Inspection | <input type="checkbox"/> Introduction of Ordinance |
| <input type="checkbox"/> Interlocal Agreements | <input type="checkbox"/> Contract/Lease Agreement | <input type="checkbox"/> Grant Application |
| <input checked="" type="checkbox"/> Other <u>Amendment to Tax Abatement Agreement</u> | | |

Funding Source:

- ☐ General Fund
☐ Grant (duration of funds: _____ Months)
☐ Other Source: _____

Legal:

☒ Legal Review Required Attorney Assigned (please scroll down): Ruth Reyes ☒ Approved ☐ Denied

Timeline Priority: ☒ High ☐ Medium ☐ Low # of days: _____

Why is this item necessary:

Item is necessary to amend the Tax Abatement Agreement between the City of El Paso and Physicians Hospital to reflect to proper dates for job requirement certification.

Explain Costs, including ongoing maintenance and operating expenditures, or Cost Savings:

Statutory or Citizen Concerns:

None

Departmental Concerns:

None

City of El Paso
Economic Development Department

M E M O R A N D U M

TO: Mayor & Council
Jim Martinez, CAO

FROM: David G. Dobson, Director

SUBJECT: April 27, 2004 Council Meeting, First Amendment to Tax Abatement Agreement with Physicians Specialty Hospital of El Paso–East (District 6)

DATE: April 22, 2004

Physicians Specialty Hospital of El Paso–East entered into a Tax Abatement Agreement with the City of El Paso on June 26, 2001. Due to the fact that the company experienced delays in construction, the project was completed in 2003, not 2002, as originally scheduled. While the contract allows for this delay in accordance with *Section I. General Terms, Part A. Term*, of the agreement, Economic Development Department staff is recommending amendment of the job creation table, contained in the agreement, to reflect the timeline change. Staff asks that the enclosed amendment be made to *Section IV. Job Creation* of the agreement to reflect the change in dates due to construction delays.

If you have any questions regarding this amendment, please call me at ext. 4672. Thank you for your time and consideration of this recommendation.

Attachments

Cc: Ruth Reyes, Assistant City Attorney

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Mayor be authorized to sign a First Amendment to Tax Abatement Agreement by and between the City of El Paso and Physicians Specialty Hospital of El Paso-East to amend the year ending dates of the job creation requirements.

ADOPTED this 27th day of April 2004.

CITY OF EL PASO

Joe Wardy
Mayor

ATTEST:

Richarda D. Momsen
City Clerk

APPROVED AS TO FORM:

Ruth Reyes
Assistant City Attorney

APPROVED AS TO CONTENT:

David G. Dobson
Director
Economic Development Department

FIRST AMENDMENT TO TAX ABATEMENT AGREEMENT

STATE OF TEXAS }
 }
COUNTY OF EL PASO } **KNOW ALL MEN BY THESE PRESENTS**

This **First Amendment** is entered into this **27th day of April 2004** by and between the **City of El Paso** (the “City”) and **Physicians Specialty Hospital of El Paso-East**, and its assignees (the “Company”).

RECITALS

WHEREAS, on **June 26th 2001**, the City and the Company entered into a Tax Abatement Agreement (“Agreement”), a copy of which is attached and labeled as Exhibit “A”, and incorporated by reference for all purposes, to exempt from taxation a part of the increase in the assessed value of the Company’s Eligible Real Property and Eligible Personal Property.

WHEREAS, the parties now desire to amend the Agreement by amending the “Year Ending” dates in Article IV. Job Creation, A. Number of Jobs.

NOW, THEREFORE, it is hereby agreed as follows:

1. Article IV. Job Creation, A. Number of Jobs of the Agreement is hereby amended in its entirety to read as follows:

IV. JOB CREATION

A. Number of Jobs. In order to qualify for abatement of the assessed value of the Eligible Real Property in accordance with Table I above, the Company must retain **3** existing jobs and create and sustain **223** new jobs as specified below in **Table II**:

Table II

Year Ending	New Jobs Created	Total (End of Year) Required Jobs	Tax Abatement Year
December 31, 2003	64-69	67-72	2004
December 31, 2004	116-129	183-201	2005

December 31, 2005	3-8	186-209	2006
December 31, 2006	3-8	189-217	2007
December 31, 2007	9-37	226	2008
December 31, 2008	0	226	2009
December 31, 2009	0	226	2010
December 31, 2010	0	226	2011
December 31, 2011	0	226	2012
December 31, 2012	0	226	2013

2. All remaining terms and conditions of the Agreement, except as herein revised, shall remain in full force and effect.

IN WITNESS WHEREOF, the City and the Company have executed duplicate counterparts to effectuate this agreement.

CITY OF EL PASO

Joe Wardy
Mayor

ATTEST:

Richarda D. Momsen
City Clerk

APPROVED AS TO FORM:

Ruth Reyes
Assistant City Attorney

APPROVED AS TO CONTENT:

David G. Dobson,
Director
Economic Development Department

**PHYSICIANS SPECIALTY
HOSPITAL OF EL PASO-EAST**

By: _____
Title: _____

TAX ABATEMENT AGREEMENT

STATE OF TEXAS }
 }
COUNTY OF EL PASO }

KNOW ALL MEN BY THESE PRESENTS

The **City of El Paso** (the "City") and **Physicians Specialty Hospital of El Paso- East**, and its assignees (the "Company") have entered into this Agreement (the "Agreement") on the date specified below as follows:

WHEREAS, the Property Redevelopment and Tax Abatement Act, §312.001 et seq., Texas Tax Code, as amended (the "Act"), authorizes the City Council of the City to create a reinvestment zone for commercial-industrial tax abatement purposes;

WHEREAS, the terms defined and as used in the Act shall have the same meaning when used or referred to in this Agreement;

WHEREAS, the City Council of the City did adopt a Resolution on June 26, 2001, entitled "Approving Guidelines and Criteria Governing Tax Abatement Agreements; and Stating That The City of El Paso, Texas, Intends To Continue To Participate In Tax Abatement" (the "Guidelines"), pursuant to the requirements of the Act, and which Resolution is incorporated herein by reference for all applicable purposes;

WHEREAS, the Company has requested that the City enter into a Tax Abatement Agreement with the Company which will provide for fifty (50%) percent abatement of the assessed value of the Eligible Real Property it proposes to construct within a City-designated reinvestment zone and a fifty (50%) percent abatement of the assessed value of the Eligible Personal Property to be installed within a City-designated reinvestment zone;

WHEREAS, the City has evaluated the improvements to be constructed, the estimated assessed value of the Eligible Personal Property to be installed, the capital investment and the number of jobs to be retained by the Company and has determined that the Company qualifies for tax abatement as required by the Act;

WHEREAS, the City Council on June 26, 2001, did enact and adopt Ordinance No. 014879, designating Reinvestment Zone "OO" (the "Zone"), all pursuant to the Act and which Ordinance No. 014879, is incorporated herein by reference thereto for all purposes;

WHEREAS, the Company is the owner, or has a possessory interest in certain taxable real and personal property located in the Zone;

WHEREAS, the City and the Company desire to enter into this Agreement to exempt from

taxation a part of the increase in the assessed value of the Eligible Real Property and exempt from taxation a part of the increase in the assessed value of the Eligible Personal Property over its value in the year this Agreement is executed for a term as hereinafter set forth, all pursuant to the following: the Act, Ordinance No. 014879, the Guidelines, and the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Company do agree, stipulate and covenant by and among themselves, as follows:

I. GENERAL TERMS

A. Term. This Agreement is effective upon execution hereof by all parties. The initial term of abatement under this Agreement shall be five (5) calendar years beginning on January 1 of the year following completion of construction of the Improvements (as herein defined); provided, however, that if the Company has met the requirements of Sections IV.A, IV.C, and IV.D hereof and the total assessed value of real and personal property installed in the Zone has reached \$24,250,000, the term shall be extended for an additional five (5) years for a total of ten (10) years in the aggregate. If Company has otherwise met the requirements hereunder, but has not created and sustained two hundred and twenty-six (226) jobs or made Capital Expenditures (as defined in the Guidelines) of \$24,250,000 by the end of the fifth (5th) year, the term shall nevertheless be extended; however, the amount of the abatement for the remaining five (5) years shall be as determined by the Guidelines for the number of jobs actually created and Capital Expenditures made.

B. Percentage of Abatement. Throughout the abatement term, the City shall abate the Eligible Real and Personal Property Taxes (as provided for in Table I of this Section), as those terms are defined in the Guidelines, assessed against the Eligible Real & Personal Property constructed in the Zone and as the same may be rebuilt or restored after any casualty loss, change, modification or addition thereto in the future. The percentage of abatement for any taxable period shall depend upon the Capital Expenditures made and upon the number of full time employees and hourly rate for non-professional positions and salary rate for professional and technical positions, of all jobs existing at the end of such taxable period, as shown in Exhibit D. Such percentage of abatement shall be applied to the assessed value of the Eligible Real and Personal Property for the period. The Company will be held to the job creation standards as provided in section IV (A,C,& D). The parties recognize that, under the current system, a tax bill for the Zone would show taxes payable as net of the abatement. The City makes no assurances, however, that such method of billing will continue in effect during the term of this Agreement. Provided that the Company has complied with this Agreement, the tax abatement shall be applied notwithstanding that the Company may not be the taxpayer. It is specifically agreed and understood that the abatement of such taxes shall be applicable only to the **Eligible** Real and Personal Property constructed within the Zone. Inventory and the land upon which such Eligible Property is situated are specifically excluded from

Table I

Eligible Real Property	Abatement (50%)
Eligible Personal Property	Abatement (50%)

C. Compliance with City Ordinances. The Company agrees to limit the use of the property made the subject of this Agreement to uses that conform with all applicable City ordinances including the City's zoning ordinances and Comprehensive Plan and are consistent with the general purpose of encouraging development of the Zone during the term hereof.

II. CONSTRUCTION OF IMPROVEMENTS

A. Improvements. In consideration for the City's agreement to abate taxes as specified herein, the Company agrees to make Capital Expenditures for the purpose of constructing improvements as described in Exhibit "A" attached hereto and incorporated herein by reference (the "Improvements") in accordance with the schedule set forth in the same exhibit.

B. Certificate of Completion. Upon completion of construction of the Improvements substantially as described on Exhibit "A" attached hereto, the City shall issue to the Company a written certificate (the "Certificate"), capable of being recorded in the Real Property Records of El Paso County, Texas, wherein the City will certify and acknowledge in form and substance substantially as provided on Exhibit "B" attached hereto and incorporated herein for all purposes: (i) the City's acceptance of such constructed Improvements as being substantially in accordance with Exhibit "A" hereto; and (ii) subject to the Company's continuing compliance thereafter with the remaining terms of this Agreement, the City's acceptance that the Company has qualified for tax abatement hereunder. No tax abatement shall occur until the Certificate has been issued.

C. Failure to Complete Construction. The Company agrees that should it fail to complete the Improvements as described on Exhibit "A" hereto the City may, after giving notice and opportunity to cure as hereinafter set forth, decline to issue the Certificate and cancel this Agreement.

D. Right of Inspection. The Company agrees that the City shall, at reasonable times and upon reasonable notice, and accompanied by a representative of the Company, have access to the Company's facilities located within the Zone and that employees of the City or its duly designated agents shall be able to inspect the property to ensure that the Improvements are being made in accordance with the terms and conditions hereof and the Company has complied with all the terms of this Agreement. The City's inspection constitutes a right, not a duty, to inspect the improvements made to the property.

III. PERSONAL PROPERTY

A. Personal Property. As a condition precedent to tax abatement pursuant to this Agreement, the Company agrees to install in the Zone Eligible Personal Property as described substantially on Exhibit "C."

B. Failure to Locate Eligible Personal Property in the Zone. The Company agrees that should it fail to locate in the Zone the portion of Eligible Personal Property as described substantially on Exhibit "C" within the first two (2) years of the term of abatement, the City may reduce the abatement which Company is eligible to receive for Eligible Real Property for the second year to such level of abatement as would otherwise be permitted under the Guidelines, based upon the level of job retention and capital expenditures made by Company as of the end of such second year. Nothing in this paragraph, however, is intended to require Company to make the entire amount of Capital Expenditures for Eligible Real or Personal Property (as provided in Exhibits "A" and "C") projected within this two (2) year period, but simply is intended to require Company to commence the location of such Eligible Personal Property. Company will have until the end of the fifth (5th) year of the term to make the total projected Capital Expenditures.

C. Purchasing Practices. The Company shall make every reasonable effort to purchase from businesses in El Paso County, whenever possible.

IV. JOB CREATION

A. Number of Jobs. In order to qualify for abatement of the assessed value of the Eligible Real Property in accordance with Table I above, the Company must retain 3 existing jobs and create and sustain **223** new jobs as specified below in **Table II**:

Table II

Year Ending	New Jobs Created	Total (End of Year) Required Jobs
December 31, 2002	64-69	67-72
December 31, 2003	116-129	183-201
December 31, 2004	3-8	186-209
December 31, 2005	3-8	189-217
December 31, 2006	9-37	226
December 31, 2007	0	226
December 31, 2008	0	226

December 31, 2009	0	226
December 31, 2010	0	226
December 31, 2011	0	226

B. Failure to Create or Sustain Required Jobs. In the event the Company should fail to create and sustain the level of jobs specified above during each applicable year, the City may reduce the abatement which Company is eligible to receive for such year to such level of abatement as would otherwise be permitted under the Guidelines for the level of jobs actually created.

C. Job Standards. All jobs created or retained pursuant to this Agreement must be full-time jobs (35 hours per week or more), sustained by the Company, and be eligible to receive benefits as described in Exhibit "D" attached hereto and incorporated herein by reference. Contract and seasonal positions shall not be counted. **Salary ranges for the jobs shall be as stated on Exhibit "D."**

D. El Paso Work Force. Recognizing that the City has entered into this Agreement in an effort to stimulate the local economy and to create and retain jobs for citizens of El Paso County, the Company covenants and agrees that every reasonable effort will be made to hire qualified residents of El Paso County. The Company shall also make every reasonable effort to hire residents of El Paso County for 50% of its management positions. In addition, of the Company's newly created jobs, 7% of those jobs shall be filled by unemployed residents of El Paso County. For purposes of this provision, "unemployed" shall mean "totally unemployed" or "partially unemployed" as those terms are utilized in Section 201.091, Texas Labor Code.

E. Reporting. At least quarterly, the Company shall provide data to the City's Director of Economic Development (the "Director") to document the level of jobs created and sustained by the Company during the reporting period. By execution hereof, the Company covenants and agrees that it will provide the Director with such documentation reasonably necessary in order to verify the figures provided and to calculate the appropriate level of abatement during the term of this Agreement. It shall be deemed an event of default for the Company to fail to provide quarterly reports in a timely manner or to respond to the Director's reasonable requests for additional information. The first quarterly report must be filed by the Company **within three months after completion of the Improvements**, and shall continue regularly every three months thereafter during the term of this Agreement.

F. Vocational Training. The Company will make reasonable efforts to work with the Socorro Independent School District to create part-time vocational positions. In addition, the Company will make reasonable efforts to utilize the El Paso Community College's training program to meet the Company's employment demands.

G. Local Administration. The Company shall be responsible for notifying the El Paso Central

Appraisal District (the "C.A.D.") of the existence of this Agreement and for scheduling the appropriate meetings with the C.A.D. each year after receiving the annual notice of assessment. The City shall cooperate with the Company and the C.A.D. in identifying the appropriate level of abatement.

V. RECAPTURE

A. Cessation of Operations. In the event that the Improvements are completed and the Company conducts its operations as contemplated herein, but subsequently discontinues its operations for any reason (excepting fire, explosion or other casualty, accident or natural disaster, or other cause beyond the control of the Company, such cause hereinafter referred to as a "Force Majeure Event") for a period of one year during the abatement period, such continued cessation for a period of one year shall be deemed a "Discontinuation Event." If a Discontinuation Event occurs, then this Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the Discontinuation Event occurs. The taxes otherwise abated for the calendar year in which the Discontinuation Event occurs shall be paid to the City within sixty (60) days from the date of termination according to the following table:

<u>PERIOD DURING WHICH</u> <u>DISCONTINUATION EVENT OCCURS</u>	<u>TAXES ABATED FOR SUCH YEAR</u> <u>SHALL BE MULTIPLIED</u> <u>BY:</u>
Years 1-5	100 %
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%
Year 10	0%

B. Default. Should the Company default (for any reason except a Force Majeure Event (as described in Section V. A. above), failure to retain the number of jobs specified in Section IV. A or the failure to make the required Capital Expenditures) according to the terms and conditions of any provision of this Agreement, the City shall notify the Company in writing at the address stated in this Agreement, and if the default is not cured within sixty (60) days from the date of such notice, then this Agreement may be terminated. This Article V is not intended to apply to the instance where the Company has failed to maintain the level of jobs or the capital investment specified in Section IV.A of this Agreement during a calendar year. In such instance, the abatement for the year in which corresponding job levels were not

reached shall be adjusted as provided herein. Eligibility for future abatement shall be retained.

C. **Payment of Taxes.** In the event that the ad valorem taxes for the Zone become delinquent beyond all notice and cure periods and without timely and proper legal protest or contest, then this Agreement may be terminated and the City may recover from the taxpayer all taxes previously abated by virtue of this Agreement, which shall be paid within sixty (60) days of termination.

D. **Relocation.** In the event that the Company, during the term of abatement under this Agreement relocates its operations of the Improvements to a location outside of the designated reinvestment zone, this agreement shall terminate and the City shall have the right to recapture a percentage of abated taxes based on the following table:

<u>PERIOD DURING WHICH</u>	<u>TAXES ABATED FOR SUCH YEAR</u>
<u>RELOCATION OCCURS</u>	<u>SHALL BE MULTIPLIED</u>
	<u>BY:</u>
Years 1-5	100 %
Year 6	80%
Year 7	60%
Year 8	40%
Year 9	20%
Year 10	0%

FORMULA: The Relocation Formula Shall Be:

$$\begin{array}{rcl} \text{Total Taxes} & \times & \text{Applicable} \\ \text{Abated} & & \text{Percentage} \end{array} = \begin{array}{l} \text{Amount to be Recaptured} \\ \text{in Each Abatement Period} \\ \text{from above Table} \end{array}$$

The City shall be informed as to the nature and change of address of any main office or the physical facilities made the subject of this Agreement.

VI. REMEDIES

This Agreement sets forth the exclusive remedies available to the City for any defaults by the Company or any failure by the Company to otherwise perform its obligations pursuant to this Agreement.

VII. MISCELLANEOUS

- A. Restatement. The determinations recited and declared in the preamble to this Agreement are hereby restated, repeated and incorporated herein as part of this Agreement.
- B. Parties Bound. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their representatives, successors and assigns.
- C. Assignability. The City agrees that this Agreement may be assigned without the necessity of any further consent by the City, as provided in this subsection, by the Company to any Affiliate of the Company; provided, however, that notice of such assignment shall be given to the City within 45 days of the effective date of the assignment. As used herein, an "Affiliate" of the Company shall mean any partnership, corporation, trust or other entity controlling, controlled by, or under common control with the Company. The term "control" shall mean the ownership directly or indirectly of fifty-one percent (51%) or more of the beneficial interest of any partnership, corporation, trust or other entity. Subject to the foregoing, the Company agrees that this Agreement may not be assigned without first obtaining the prior written consent of the City which shall not be unreasonably withheld. Any attempt to assign this Agreement other than to an Affiliate as specifically allowed herein without the prior written consent of the City shall be void and shall constitute an event of default hereunder.
- D. Modifications. At any time before the expiration of the term hereof, this Agreement may be modified by the mutual action of the parties hereto. Such modification must be in writing and signed by all parties hereto and made by the same procedure by which this Agreement was approved and executed. In no event may this Agreement be modified so as to extend the term of tax abatement beyond **ten (10) years** from the effective date tax abatement commences hereunder.
- E. Applicable Law. This Agreement shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Texas.
- F. Addresses For Notice. Notices required by this Agreement shall be deemed to have been sufficiently given when sent by certified mail, postage prepaid, return receipt requested to the address specified below or at such other address as may be designated in writing by the parties:

CITY:

Mayor of El Paso
2 Civic Center Plaza
El Paso, Texas 79901-1196

WITH COPY TO: City Attorney
 2 Civic Center Plaza
 El Paso, Texas 79901-1196

WITH COPY TO: Economic Development
 2 Civic Center Plaza
 El Paso, Texas 79901-1196

COMPANY: Physicians Specialty Hospital of El Paso- East
 12100 Esther Lama
 El Paso, Texas 79936

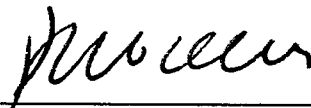
G. Severability. In the event that any provision of this Agreement is subsequently determined to be unenforceable for any reason, the remaining provisions shall not in any way be affected or impaired; provided, however, that if for any reason, other than the Company's continued default under this Agreement beyond all applicable notice and cure periods, the City is unable or unwilling to provide in full the tax abatement called for under this Agreement, then the Company shall be released from all of its liabilities and obligations under this Agreement.

H. Prior Agreements Superseded. This Agreement contains and constitutes the entire agreement between the parties hereto and supersedes any and all prior understandings and agreements, whether written or oral, between the parties hereto relating to the subject matter hereof.


I. Effective Date. This Agreement shall be effective immediately upon execution hereof, but eligibility for abatement of taxes shall only commence upon completion of the Improvements as specified in Section I. A. hereof. Moreover, the Company agrees to file reports required hereunder through the end of the term and for a period of eighteen (18) months following the expiration of the tax abatements.

EXECUTED this 26th day of June, 2001

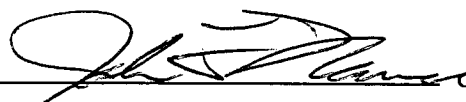
THE CITY OF EL PASO


Mayor

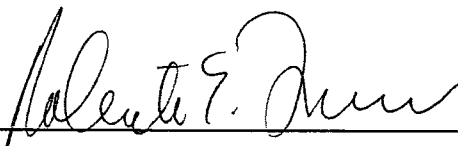
ATTEST:


City Clerk **ALTERNATE**

APPROVED AS TO FORM:


John F. Nance
Assistant City Attorney

APPROVED AS TO CONTENT:


Roberto E. Franco
Director of Economic Development


COMPANY:

Physicians Specialty Hospital of El Paso- East

By: 

Title: 

ATTEST:


(Authorized Official)

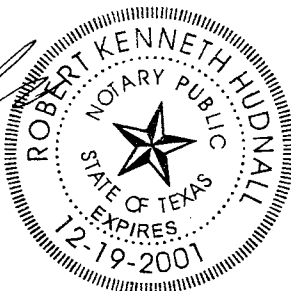


EXHIBIT "A"
Physicians Specialty Hospital of El Paso – East

The new hospital and medical office building complex will be located on a 14 acre tract of land located at the corner of George Dieter and Guernsey Road.

The hospital is being designed to meet its basic service requirements in accordance with design and construction regulations of the Texas State Department of Health which is charged with approving new hospital construction. The hospital plans include a 75,000 facility. An additional medical office building will be constructed on the site consisting of 40,000 square feet of office space and a specialized radiation therapy service.

<u>Building</u>	<u>Cost</u>
Facility – 75,000 square foot hospital per architectural plans	\$11,250,000
40,000 square foot medical office building per architectural plans, including radiation therapy	\$ 5,000,000
Total facility costs	\$16,250,000

Facility Construction Timeline

08/01/01 – 09/01/01	Permits
09/01/01 – 12/01/01	Grading of pad sites
12/01/01 – 2/01/02	Complete footings, tilt wall panels, begin steel erections
02/01/02 – 07/01/02	Complete steel erection, roofing, sprinkler system, heating/colling. Begin electrical, plumbing, tenant improvements in mob.
07/01/02 – 10/01/02	Complete sprinkler system, exterior doors, fencing, concrete and asphalt paving. Continue with heating and cooling, electrical, plumbing and tenant improvements
10/01/02 – 11/01/02	Complete heating and cooling, electrical, plumbing, tenant improvements and landscaping.
11/01/02 – 12/01/02	Clean up

Final Operating Equipment Installation

12/01/02 – 12/15/02	All operating equipment will be installed during the landscaping and clean-up time frame. Equipment installation time approximately two weeks.
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EXHIBIT "B"

**CERTIFICATE OF COMPLETED CONSTRUCTION
FOR PURPOSES OF TAX ABATEMENT**

(To be issued after completion of Construction)

WHEREAS, the City Council of El Paso, Texas on _____, ____ 2001 did enact and adopt Ordinance No. _____ designating Reinvestment Zone "OO" for the purposes of granting Tax Abatement;

WHEREAS, **Physicians Specialty Hospital of El Paso- East** (the "Company") is the owner or has a possessory interest in certain taxable improvements to real property located in the Zone,

NOW, THEREFORE, the City of El Paso does hereby certify and acknowledge that:

1. The Company attests the improvements constructed upon the property as substantially in accordance with those improvements required under the terms and provisions of the Tax Abatement Agreement between the City and the Company. Accepting such representation, there are no further improvements to the property necessary for the Company to qualify for tax abatements under the Agreement. In the event that the facts of said improvements have been misrepresented, the City reserves the right to revoke this certificate.

2. Subject to the Company's hereafter continuing compliance with the terms and provisions of the Agreement, the City does hereby accept and approve the Company as qualifying for tax abatement under, and pursuant to the Agreement.

Executed this _____ day of _____, 2002.

Director, Economic Development

EXHIBIT "C"
Physicians Specialty Hospital of El Paso – East

Direct Capital Equipment Purchases

Fixed Equipment per Attached List -	\$ 1,046,909
Major Movable Equipment per Attached List -	<u>\$13,814,745</u>
Total Equipment	- \$14,861,654

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department

Description

Vendor

Basis

Budget

Sub Totals

Due Date

Actual

Over/Under
Budget

FIXED EQUIPMENT

	Sterilizer, Steam (2)			78,000.00				
	Sterilizer, Flash (2)			63,000.00				
	Steris System w/Accy (4)			60,000.00				
	Ultrasonic Cleaner w/Accy			1,200.00				
	Pass Thru Assembly			4,500.00				
	Washer Decontaminator			47,000.00				
	Steam Gun Set			1,200.00				
	Tube Drier			4,000.00				
	Fixed OR Support Equipment				258,900.00			
	Cabinets, Warming (6)			33,600.00				
	Cabinet, Scope			1,750.00				
	Cabinet, Catheter			27,700.00				
	Surgical Support Column (8)			200,000.00				
	Lights, Exam			2,300.00				
	Lights, Fixed				265,350.00			
	O.R. Lights, Major (5)			70,000.00				
	O.R. Lights, Cysto			7,500.00				
	Lights, Exam (2)			4,600.00				
					82,100.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Fixed Communication Systems							
	Dictation System			70,000.00				
	Directional Graphics							
	Emergency Radio System							
	Security System							
	Nurse Call System			110,000.00				
	Telephone System							
	Telemetry Antenna System							
	OR Sound System (4)							
					180,000.00			
	Miscellaneous, Fixed							
	Hood, Fume Nuclear			12,100.00				
	Hood, Laminar Flow (3)			18,800.00				
	Narcotics Lockers (4)			6,000.00				
	Shelving, General			20,000.00				
	Sharps System (60)			22,000.00				
	Wall Bracket, Monitor (6)			6,160.00				
	Clock, Attendance (4)			6,500.00				
	Escalation on HELP Designated @ 3%			26,337.00				
	Tax on HELP Designated @ 8.25%			72,430.00				
	Freight on HELP Designated @ 3%			26,337.00				
	Contingency on HELP Designated @ 5%			43,895.00				
					260,559.00			
	Total Fixed Equipment				1,046,909.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department
Description

Vendor

Basis

Budget

Sub Totals

Due Date

Actual

Over/Under
Budget

MAJOR MOVABLE EQUIPMENT

Patient Rooms							
Carts, Meds			4,000.00				
Carts, Crash (8)			7,200.00				
Defibrillators (3)			21,600.00				
Patient Beds, Pt Furniture			452,000.00				
Ante Rooms			92,000.00				
Televisions (80) w/Brackets			40,900.00				
Telemetry Monitoring (8)			75,000.00				
Monitors, Temp (8)			3,600.00				
Scales, Patient (8)			5,900.00				
Lift, Patient			2,500.00				
Sphgmomanometers (40)			25,300.00				
Tables, Procedure			2,500.00				
Wheelchairs (5)			2,350.00				
Milwork Offices			18,000.00				
Furniture, fixtures			14,800.00				
				767,650.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Operating Rooms							
	Anesthesia Machines (5)			225,000.00				
	Monitoring (5)			80,000.00				
	Carts, Anesthesia (9)			6,300.00				
	Defibrillators (5)			36,000.00				
	Electrosurgical Units (5)			42,500.00				
	Exam Lights, Mobile (3)			3,300.00				
	Instruments, Arthroscopy			120,000.00				
	Instruments, GI			175,000.00				
	Instruments, Lap/Chole			120,000.00				
	Instruments, Urology			85,000.00				
	Instruments, Sinuscopy			35,000.00				
	Instruments, Surgical & Floor			375,000.00				
	Synthes			30,000.00				
	Motility, Esophageal			25,000.00				
	Instrument Trays			20,000.00				
	Miscroscopies, Surgical			225,000.00				
	Surgery Tables (13)			114,500.00				
	Surgery Table Accessories			75,000.00				
	Instruments, Anesthesia (8)			10,000.00				
	Stretchers (9)			21,450.00				
	Wheelchairs (4)			2,400.00				
	Pump, Balloon			44,000.00				
	Endoscopy Scopes			50,000.00				
	Cath Lab Monitoring			264,000.00				
	Milwork Offices			36,000.00				
	Furniture, fixtures			14,000.00				
					2,234,450.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Recovery Unit							
	Overbed Tables			1,000.00				
	Monitoring Equipment (10)			85,000.00				
	Pre-Op Monitoring (4)			28,000.00				
	Step Down Monitoring (2)			14,000.00				
	Stretchers (19)			49,150.00				
	Recliner, Medical (6)			10,200.00				
	Wheelchairs			3,600.00				
	Sidechairs			5,000.00				
	Stools			1,750.00				
	Milwork Office			2,000.00				
	Office & Waiting Furniture			4,500.00				
					204,200.00			
	Emergency/Treatment Room							
	General Furniture			1,500.00				
	Monitoring Equipment (2)			15,000.00				
	Stretcher			4,000.00				
	Tables (2)			2,000.00				
	Furniture			2,800.00				
	Wheelchairs			1,200.00				
	Milwork Office			2,000.00				
					28,500.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
Radiology							
R & F Room			385,000.00				
Angiography Room			90,000.00				
Cath Lab			900,000.00				
Nuclear Medicine			300,000.00				
Cysto Room			275,000.00				
Mobile X-Ray			45,000.00				
C-Arm, Mobile (Standard & Mini)			190,000.00				
C.T Unit			950,000.00				
Chemical Mixers/Tanks			8,500.00				
Film File Shelving			25,000.00				
Illuminators			25,000.00				
Film Storage Cabinets (3)			1,800.00				
Pass Boxes (4)			4,000.00				
Processors (2)			56,000.00				
Laser Imager (2)			130,000.00				
Apron Glove Racks (8)			4,000.00				
Cath Lab Digital Archive			40,000.00				
Cardiac Data Management			120,000.00				
Imaging, Group III			25,000.00				
Stretchers (2)			8,000.00				
Milwork Office			2,000.00				
Furniture, office & waiting			3,450.00				
Mechanical Film Storage			41,000.00				
				3,628,750.00			
Cardiovascular							
Milwork Office			2,000.00				
Furniture, office & waiting			3,450.00				
				5,450.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Radiation Therapy Equipment							
	Linear Accelerator			1,376,800.00				
	PortalVision Imaging System			339,625.00				
	Record & Verify System			126,920.00				
	HiSpeed Simulator			610,450.00				
	Options			44,250.00				
	Milwork Office			2,000.00				
	Furniture, office & waiting			6,000.00				
					2,506,045.00			
	Laboratory							
	Analyzer, Hematology			65,000.00				
	Analyzer, Chemistry			103,000.00				
	Analyzer, Urine			175,000.00				
	Countertop/Misc			120,000.00				
	Microscopes			6,000.00				
	Cart, Malig Hyperthermia			1,000.00				
	Furniture			6,325.00				
	Drawing Chair			2,000.00				
	Cryostat (2)			36,000.00				
	Milwork			41,000.00				
					555,325.00			
	Pharmacy							
	Shelving			15,800.00				
	Milwork Office			6,000.00				
	Furniture, fixtures			4,000.00				
					25,800.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Other Ancillary							
	ECG			10,000.00				
	ECG, Stress			25,000.00				
	Monitoring, Holter			75,000.00				
	Oximeter, Pulse (6)			6,000.00				
	PT/OT/Rehab (includes traction)			8,000.00				
	Suction, Resp Therapy			17,500.00				
	Flow Meters			4,750.00				
	Ventilators (2)			60,000.00				
	Blood Gas Analyzer			30,000.00				
	Pulmonary Function Analyzer			32,000.00				
	Milwork Offices			2,000.00				
	Office Furniture			3,000.00				
					273,250.00			
	General Stores							
	Carts, General			62,500.00				
	General Equipment, Pt Care			49,500.00				
	Pumps, Suction (8)			5,700.00				
	Pumps, IV (6)			9,000.00				
	Pump, Hypothermia			7,500.00				
					134,200.00			
	Food Service							
	Food Preparation Equipment			321,300.00				
	Cash Registers			5,500.00				
	Vending furniture			5,000.00				
					331,800.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
Information Systems								
	Computers & Peripherals			300,000.00				
	Office computers/printers			40,000.00				
	Shelving			25,000.00				
	Milwork Office			2,000.00				
	Furniture & Fixtures			3,000.00				
					370,000.00			
Housekeeping								
	Waste Receptacles			10,000.00				
	Tables & Shelving			3,300.00				
	Vacuums & Buffers			3,600.00				
	Milwork Office			3,000.00				
	Furniture			1,800.00				
					21,700.00			
Maintenance								
	Bio-Medical Test Equipment			10,000.00				
	Truck			20,000.00				
	Milwork Office			2,500.00				
	Work Tables, Shelving			1,850.00				
	Furniture			2,000.00				
					36,350.00			
Administration								
	Audio Visual Equipment			10,000.00				
	Furniture			18,350.00				
					28,350.00			
Lobby/Waiting Rooms								
	Furniture			9,250.00				
	Reception Desk			1,500.00				
					10,750.00			
Accounting								
	Furniture and Equipment			15,000.00				
					15,000.00			
Purchasing/General Stores								
	Shelving			15,000.00				

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Milwork Office			3,000.00				
	Office Furniture			2,000.00				
					20,000.00			
	Business Office							
	Embosser			35,000.00				
	Furniture			2,150.00				
	Safe			1,000.00				
	Modular Furniture			12,000.00				
	ECG			2,500.00				
					52,650.00			
	Medical Records							
	Rolling Files			26,000.00				
	Milwork Office			16,000.00				
	Furniture, Fixtures			3,500.00				
					45,500.00			
	Human Resources							
	Photo/Laminator			5,000.00				
	Milwork Office			8,000.00				
	Furniture, Fixtures			8,000.00				
					21,000.00			

EXHIBIT "A"

**Physicians Specialty Hospital of El Paso - East
Development Budget - Hospital**

Department	Description	Vendor	Basis	Budget	Sub Totals	Due Date	Actual	Over/Under Budget
	Refrigerators, Freezers, Ice Machines, Microwaves							
	Blood Refrigerator			5,600.00				
	Blood Freezer			7,600.00				
	Floral Refrigerator			2,500.00				
	Ice Machines (3)			26,250.00				
	Refrigerator, Scientific Upright (3)			9,000.00				
	Freezer, Ultra Low Temp			4,300.00				
	Freezer, Commercial			5,800.00				
	Refrigerator, Lead Lined			2,600.00				
	Refrigerator, Undercounter (15)			8,895.00				
	Refrigerator, Domestic (7)			4,200.00				
	Microwave Ovens (3)			2,900.00				
					79,645.00			
	Miscellaneous							
	Copy/Fax Machines			48,000.00				
	Surgery Lounge Furniture			3,200.00				
	Doctors Lounge Furniture			4,700.00				
	HELP Consultants			95,000.00				
	Escalation on HELP Designated @ 3%			353,375.00				
	Contingency on HELP Designated @ 5%			588,950.00				
	Tax on HELP Designated @ 8.25%			971,780.00				
	Freight on HELP Designated @ 3%			353,375.00				
					2,418,380.00			
	Total Major Movable Equipment							
					13,814,745.00			

EXHIBIT "A"

EXHIBIT "D"

EXHIBIT "A"

SALARY RANGES, YEARLY EMPLOYMENT & FRINGE BENEFITS

	Hourly Wage or Yearly Salary	Year 1	Year 2	Year 3	Year 4	Year 5	Total year 5
Managerial/ Professional	\$63,500 Yr	12	2	0	0	0	14
Technical/Sales/ Administrative	\$19,00 Hr	59	63	6	6	6	140
Service	\$8.00 Hr	38	24	2	2	3	69

The Company estimates benefit costs at 19% of total salaries. The benefits package will include:

- A) Group Health insurance provided with a minimum of 80% of employee cost covered. The coverage will be available to family members with a portion of the cost supplemented by the company.
- B) Life insurance equal to annual salary.
- C) Disability insurance with some portion covered.
- D) Required unemployment coverages and participation in the Medicare and Social Security programs.
- E) Paid Time Off to provide for vacations, holidays and short-term periods of illness
- F) Extended Illness Benefit to provide ifor long-term periods of illness.
- G) Other benefits will be added as financial capabilities allow.